

DEPARTMENT OF COMMERCE

OFFICE OF INSPECTOR GENERAL



FY 2001
CONGRESSIONAL SUBMISSION

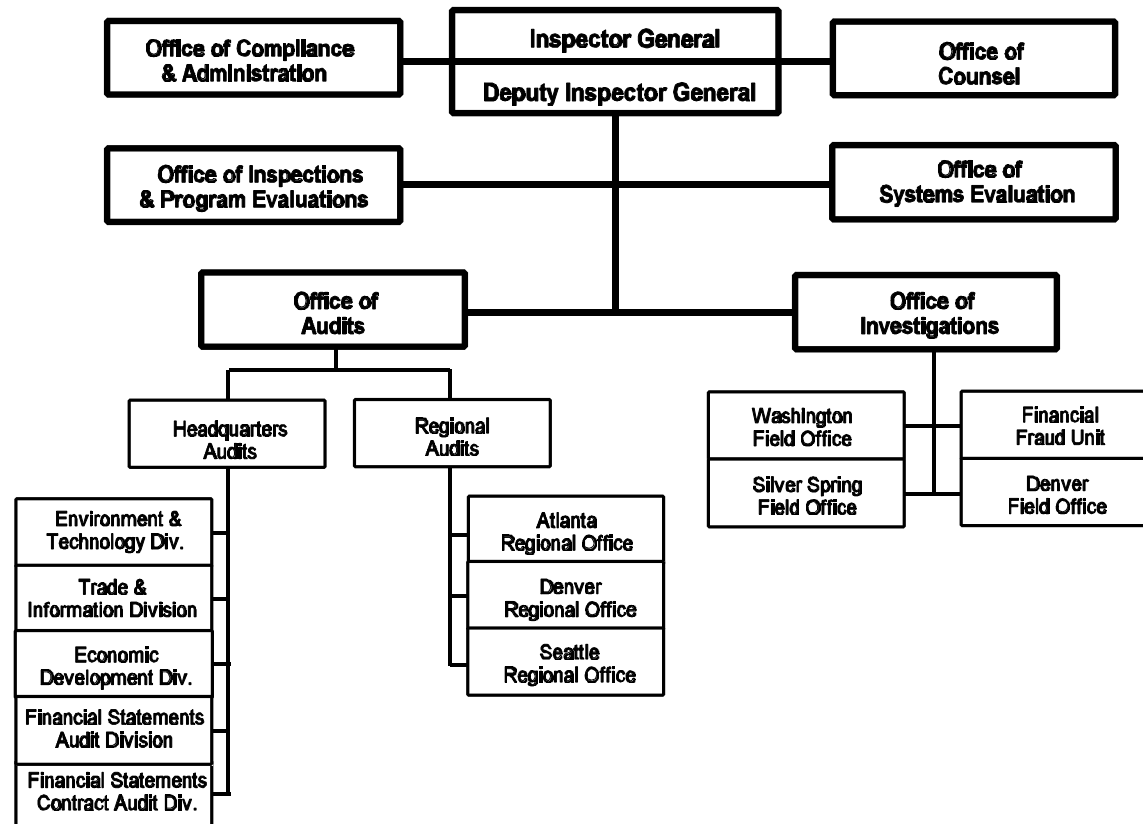
DEPARTMENT OF COMMERCE
OFFICE OF INSPECTOR GENERAL
Budget Estimates, Fiscal Year 2001
President's Submission

Exhibit 1

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U.S. Department of Commerce Office of Inspector General



DEPARTMENT OF COMMERCE
OFFICE OF INSPECTOR GENERAL
BUDGET ESTIMATES FOR FISCAL YEAR 2001

Exhibit 3

PRESIDENT'S SUBMISSION

GENERAL STATEMENT

The Office of Inspector General has the mission of providing a unique independent voice to the Secretary and other senior Commerce managers, as well as the Congress, in combating fraud, waste, abuse, and mismanagement and in improving the efficiency and effectiveness of Department operations. The office has the authority to inquire into all programmatic and administrative activities of the Department, including individuals or organizations performing under contracts, grants, or other financial assistance agreements.

The specific functions and programs that make up these broad activities are authorized by the Inspector General Act of 1978, and by other legislation.

(Dollar amounts in thousands)

<u>Appropriation</u>		<u>2000 Appropriation</u>		<u>2001 Estimate</u>		<u>Inc. (+) or Dec. (-)</u>	
		<u>Personnel</u>	<u>Amount</u>	<u>Personnel</u>	<u>Amount</u>	<u>Personnel</u>	<u>Amount</u>
Office of Inspector General	Pos./Appr.	220	19,932	220	22,726	0	2,794
	FTE	200		200		0	
Total, Ofc. of Inspector General	Pos./Appr.	220	19,932	220	22,726	0	2,794
	FTE	200		200			

SUMMARY OF GOALS, OBJECTIVES, AND PERFORMANCE MEASURES

DOC Strategic Theme	Bureau Goal	Bureau Objective	Office/Program	Outputs	Outcomes
<p>Promote Economic Growth</p> <p>Stimulate innovation from American competitiveness</p> <p>Advance substantial economic development</p>	<p>Join forces for positive change and continuous improvement in management and program operations.</p> <p>Build a spirit of cooperation and openness based on mutual trust and respect for each of our roles and responsibilities.</p> <p>Communicate, coordinate, and share information to build and sustain high performance working relationships.</p> <p>Promote a collaborative culture in where management is held accountable and has the best analysis for decision making on key issues.</p> <p>Value the importance of the independence and objectivity of OIG audits, inspections, investigations, and other reviews.</p> <p>Promote economy, efficiency, and effectiveness and prevent and detect fraud, waste, abuse, and mismanagement.</p>	<p>Concentrate on programs and operations that have the greatest potential for identifying fraud, recovering funds, precluding unnecessary outlays, and improving management.</p> <p>Provide high-value findings and recommendations to assist managers at all levels.</p> <p>Enhance our coverage of technology issues.</p> <p>Continue a deterrence presence in all external operations of the Department.</p> <p>Maintain oversight of Federal Managers' Financial Integrity Act material weaknesses.</p> <p>Expand the scope of our audits performed under the Chief Financial Officers Act, the Government Performance and Results Act, and the Government Management Reform Act.</p>	Office of Inspector General	Identifying audit, inspection, and investigative universe and determine how the OIG will focus its work on areas that we believe will significantly affect Commerce's ability to prevent and detect fraud, waste, abuse, and mismanagement.	<p>The Office of Inspector General's Semiannual Report to the Congress, which results in Audit and Inspections Statistical Highlights of questioned costs, value of audit recommendations that funds be put to better use, and value of audit recommendations agreed to by management. Also, Investigative Statistical Highlights of indictments, convictions, personnel actions, administrative actions and fines, restitutions, judgments, and civil and administrative recoveries.</p>

Department of Commerce
Office of Inspector General
SUMMARY OF FINANCING
(Dollar amounts in thousands)

Exhibit 7

	1999 Actual	2000 Currently Available	2001 Base	2001 Estimate	Increase/ (Decrease) Over 2001 Base
Total Obligations	21,360	20,432	21,826	22,926	1,100
Offsetting collections from:					
Federal funds	(310)	(500)	(200)	(200)	0
Trust funds					
Non-Federal sources					
Recoveries					
Unobligated balance, start of year					
Unobligated balance transferred					
Unobligated balance, end of year					
Unobligated balance expiring	38				
Budget Authority	21,088	19,932	21,626	22,726	1,100
Financing:					
Transfer from other accounts (-)	(88)				
Transfer to other accounts (+)					
Appropriation	21,000	19,932	21,626	22,726	1,100

Department of Commerce
Office of Inspector General
ADJUSTMENTS TO BASE
(Dollar amounts in thousands)

	<u>FTE</u>	<u>Amount</u>
Transfer of CAMS to NIST/FARS	0	(117)
Continued Operations	0	936
Transfer of GA Security from bureaus		(52)
Other Changes:		
Annualization of 2000 pay raise		171
2001 pay raise		391
Within-grade step increases		121
Compensable Day		(52)
Civil Service Retirement System (CSRS)		(17)
Federal Employees' Retirement System (FERS)		45
Federal Insurance Contributions Act (FICA) - OASDI		12
Thrift Savings Plan		30
Employees' Compensation Fund		(39)
Health insurance		56
Travel and transportation of persons - Per Diem		13
Travel and transportation of persons - Common Carrier		14
Rental payments to GSA		28
Printing and reproduction		2
Other Services:		
Working Capital Fund		9
Executive Development and Leadership Training		30
Commerce Administrative Management System (CAMS)		73
National Archives Record Center		4
General Pricing Level Adjustment		36
Subtotal, other changes	0	927
Total, adjustments to base	0	1,694

Department of Commerce
Office of Inspector General
JUSTIFICATION OF ADJUSTMENTS TO BASE
(Dollar amounts in thousands)

	<u>FTE</u>	<u>Amount</u>
<u>Transfer of CAMS to NIST/FARS</u>		(117)
Transfer of GA Security from bureaus		(52)
<u>Continued Operations</u>		936
<u>Other Changes:</u>		
<u>Pay Raises</u>		562
Annualization of FY 2000 Pay Raise.		
A pay raise of 4.8% in effective January 2000.		
Total cost in FY 2001 of FY 2000 pay raise	643,000	
Less amount funded in FY 2000	(472,000)	
Less amount absorbed	<u>0</u>	
Amount requested in FY 2001 for FY 2000 pay raise	171,000	
FY 2001 pay increase and related costs		
A general pay raise of 3.7% is assumed to be effective January 2001.		
Total cost in FY 2001 of pay increase	381,000	
Less amount absorbed in FY 2001	<u>0</u>	
Amount requested for FY 2001 pay increase	381,000	
Payment to Working Capital Fund	<u>10,000</u>	
Amount requested in FY 2001 for FY 2001 pay increase	391,000	

	<u>FTE</u>	<u>Amount</u>
<u>Within-grade step increases</u>		121

An increase of \$121,237 is required to cover the cost of within-grade step increases.

This estimate reflects the net cost of step increases that will be earned in FY 2001.

Estimated number of within-grade step increases	87
Step increases not earned due to turnover (18.2% x 87)	16
Average step above step 1 per separation	2
Average cost per within-grade step increase	1,866
Gross cost of scheduled step increases (\$1,866 x 87)	162,342
Less savings due to separations (\$1,866 x 16 x 2)	(59,712)
Subtotal, personnel compensation	102,630
Benefits	18,607
Total adjustment-to-base	121,237

<u>Compensable Day</u>	(52)
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The decreased cost of one less compensable day in FY 2001 compared to FY 2000 is calculated by dividing the FY 2000 estimated personnel compensation (11,575,000) and applicable benefits (\$2,070,000) by 261 compensable days. The cost decrease of one compensable day is \$52,280.

<u>Civil Service Retirement System (CSRS)</u>	(17)
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The number of employees covered by the Civil Service Retirement System (CSRS) continues to decrease as employees are replaced by employees who are covered by the Federal Employees Retirement System (FERS). The estimated percentage of payroll for regular employees covered by CSRS will increase from 45.50% in FY 2000 to 45.60% in FY 2001, and law enforcement employees covered by CSRS will decrease from 42.30% in FY 2000 to 28.20% in FY 2001. The contribution rates for regular employees and law enforcement employees will remain at 8.51% and 9.01%.

	<u>FTE</u>	<u>Amount</u>
Regular employees:		
FY 2001 (\$10,113,000 x .4560 x .0851)	392,441	
FY 2000 (\$10,113,000 x .4550 x .0851)	<u>391,580</u>	
Subtotal	861	
Law enforcement employees:		
FY 2001 (\$1,412,000 x .2820 x .0901)	35,876	
FY 2000 (\$1,412,000 x .4230 x .0901)	<u>53,815</u>	
Subtotal	(17,939)	
Total adjustment-to-base	(17,078)	
<u>Federal Employees Retirement System (FERS)</u>		45
<p>The number of employees covered by FERS continues to rise as employees covered by CSRS are replaced by employees covered by FERS. The estimated percentage of payroll for regular employees covered by FERS will decrease from 54.50% in FY 2000 to 54.40% in FY 2001. The estimated percentage of payroll for law enforcement employees covered by FERS will increase from 57.70% in FY 2000 to 71.80% in FY 2001. The contribution rate for regular employees and for law enforcement employees will be 10.70% and 23.30% in FY 2000 and in FY 2001.</p>		
Regular employees:		
FY 2001 (\$10,113,000 x .5440 x .1070)	588,658	
FY 2000 (\$10,113,000 x .5450 x .1070)	<u>589,740</u>	
Subtotal	(1,082)	
Law enforcement employees:		
FY 2001 (\$1,412,000 x .7180 x .2330)	236,219	
FY 2000 (\$1,412,000 x .5770 x .2330)	<u>189,831</u>	
Subtotal	46,388	
Total adjustment-to-base	45,306	

Federal Insurance Contributions Act (FICA) - OASDI 12

The OASDI tax rate will remain at 6.20%. However, the annual salary taxable by OASDI will rise from \$73,275 in FY 2000 to \$78,450 in FY 2001. The percent of salaries below the cap will increase from 94.90% in FY 2000 to 95.06% in FY 2001. In addition, the total salaries taxable by OASDI will decrease from 54.50 in FY 2000 to 54.40% in FY 2001.

OASDI - Regular:

FY 2001 (\$10,113,000 x .5440 x .9506 x .062)	324,241
FY 2000 (\$10,113,000 x .5450 x .9490 x .062)	<u>324,291</u>
Subtotal	(50)

OASDI - Law Enforcement:

FY 2001 (\$1,412,000 x .7180 x .9506 x .062)	59,751
FY 2000 (\$1,412,000 x .5770 x .9490 x .062)	<u>47,937</u>
Subtotal	11,814

Other salaries

FY 2001 (\$518,000 x .5440 x .9506 x .062)	16,608
FY 2000 (\$518,000 x .5450 x .9490 x .062)	<u>16,611</u>
Subtotal	(3)

Total adjustment-to-base	11,761
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Thrift Savings Plan

30

The cost of agency contributions to the Thrift Savings Plan will also rise as FERS participation increases. The contribution rate is expected to be 4.89%.

TSP - Regular:	
FY 2001 (\$10,163,000 x .5440 x 4.89)	270,352
FY 2000 (\$10,163,000 x .5450 x 4.57)	<u>253,125</u>
	17,227
TSP - Law Enforcement:	
FY 2001 (\$1,412,000 x .7180 x 4.89)	49,576
FY 2000 (\$1,412,000 x .5770 x 4.57)	<u>37,233</u>
Subtotal	12,343
Total adjustment-to-base	29,570

Employees' Compensation Fund

(39)

The Employees' Compensation Fund bill for the year ending June 30, 1999, is \$39,207.17 less than the bill for the year ending June 30, 1998. The changes will be reimbursed to the Department of Labor pursuant to 5 U.S.C. 8147.

Health insurance

56

Effective January 1999, the contribution to the Federal employee`s health insurance premiums increased by 11.4%. This percentage, applied against the FY 2000 estimate of \$487,000, results in an increase of \$55,518.

	<u>FTE</u>	<u>Amount</u>
<u>Travel - Per Diem</u>		13
<p>Effective January 1, 1999, the General Services Administration raised per diem rates. This increase results in a 5.42% increase. This percentage, applied against the FY 2000 estimate of \$239,000, results in an increase of \$12,954.</p>		
<u>Travel - Common Carrier</u>		14
<p>An additional \$14,000 is requested to cover the cost of purchasing airline tickets in contracting with a travel agency under the new travel method.</p>		
<u>Rental payments to GSA</u>		28
<p>GSA rates are projected to increase 2.1% in 2001. This percentage was applied to the FY 2000 estimate of \$1,549,000 to arrive at an increase of \$28,329.</p>		
<u>Printing and reproduction</u>		2
<p>GPO has provided an estimated rate increase of 3.3%. This percentage was applied to the FY 2000 estimate of \$51,000 to arrive at an increase of \$1,683.</p>		

	<u>FTE</u>	<u>Amount</u>
<u>Other Services:</u>		
<u>Working Capital Fund</u>		9
An additional \$9,000 is required to fund cost increases in the General Administration Working Capital Fund.		
<u>Executive Development and Leadership Training</u>		30
Consistent with the Department's SES 2000 plan, an increase of \$5,000 for each currently onboard SES position is required for Executive Development and Leadership Training. An increase of \$30,000 is requested.		
<u>Commerce Administrative Management System (CAMS)</u>		73
An adjustment of \$73,000 has been made to reflect an increase in cost of CAMS.		
<u>National Archives Record Center</u>		4
An increase of \$3,699 is requested to fund the cost of the Washington National Record Center storage facility.		
<u>General Pricing Level Adjustment</u>		36
This request applies 1.5% based on OMB economic assumptions for FY 2001 to sub-object classes where the prices that the Government pays are established through the market system. Factors are applied to communications, utilities, and miscellaneous charges (excluding postage) (\$1,000); other services (\$33,000); supplies and materials (\$1,000); and equipment (\$1,000).		
Subtotal, FY 2001 adjustments-to-base	0	\$ 927
Total, FY 2001 adjustments-to-base	0	\$1,694

Department of Commerce
Office of Inspector General
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

Exhibit 10

Activity: Inspector General

		1999 Actual		2000 Currently Available		2001 Base		2001 Estimate		Increase/ (Decrease) Over 2001 Base	
Subactivity:		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Executive Direction	Pos./BA FTE/Obl.	14	1,333	14	1,275	14	1,384	14	1,384	0	0
		11	1,220	13		13		13		0	
Audits	Pos./BA FTE/Obl.	134	10,980	120	10,264	120	11,170	120	12,270	0	1,100
		88	10,627	108		108		108		0	
Inspections & Evaluations	Pos./BA FTE/Obl.	31	3,160	31	3,039	31	3,289	31	3,289	0	0
		30	3,328	29		29		29		0	
Investigations	Pos./BA FTE/Obl.	35	3,113	34	2,966	34	3,214	34	3,214	0	0
		28	3,121	30		30		30		0	
Compliance & Administration	Pos./BA FTE/Obl.	23	2,502	21	2,388	21	2,569	21	2,569	0	0
		20	2,755	20		20		20		0	
Total	Pos./BA FTE/Obl.	237	21,088	220	19,932	220	21,626	220	22,726	0	1,100
		177	21,051	200		200		200		0	

Department of Commerce

General Administration

JUSTIFICATION OF PROGRAM AND PERFORMANCE: INSPECTOR GENERAL

Goals and Objectives

GOALS:

- o Have a positive impact on the Department of Commerce missions, goals, and objectives.
- o Produce and provide meaningful, objective, and timely reports and other products to the Department, Congress, and other interested parties.
- o Provide a quality working environment that enables OIG staff to be highly productive and do its best work.

OBJECTIVES:

- o Concentrate on programs and operations that are most critical to the achievement of the Department's missions, goals, and objectives; detect and prevent fraud, waste, and abuse; and improve service delivery, efficiency, and effectiveness of DOC programs.
- o Promote the effectiveness of the Department and its bureaus in implementing the Government Performance and Results Act (GPRA), the related Chief Financial Officers Act, and the Government Management Reform Act.
- o Focus investigations on allegations of serious violations of federal law, to permit successful prosecutions that maximize recovery of public resources, and the deterrence of future wrongdoing.
- o Enable the Department to take corrective action and demonstrate improved stewardship of public resources by identifying and reporting on significant issues in a timely manner.
- o Effectively communicate results of OIG work to senior departmental officials, Congress, and other parties as appropriate.
- o Increase the scope of both OIG and bureau employee integrity/fraud awareness programs.
- o Continually improve OIG processes, policies, and procedures to achieve more effectiveness and efficiency.
- o Pool knowledge about the Department from staff in all OIG units to address complex issues and programs in a coordinated and comprehensive manner and identify systemic faults and solutions.
- o Recruit and retain high caliber staff and provide an environment for continuous development for all employees.
- o Foster mutual respect and open communications among employees and managers.

Base Program FY 2001

The OIG was established in FY 1979 in accordance with the Inspector General Act of 1978. The OIG provides a unique independent voice to the Secretary and other senior Commerce managers, as well as the Congress, in combating fraud, waste, abuse, and mismanagement and in improving the efficiency and effectiveness of Department operations. The office has the authority to ask about all programmatic and administrative activities of the Department, including individuals or organizations performing under contracts, grants, or other financial assistance agreements.

The work is primarily conducted through audits (performance and financial), inspections, program and systems evaluations, and investigations. The findings of the audits, inspections, and evaluations are presented to pertinent operating officials and agency heads, who are given the opportunity to review and comment on the reports before they are released in final form. Investigations are referred to the Department of Justice for prosecution if evidence of criminal wrongdoing is uncovered or civil recoveries are possible. Investigative findings may also be referred to the appropriate agency official for administrative redress.

The OIG is headquartered in Washington, D.C. The Office of Audits has personnel positioned at several sites in the metropolitan Washington area, plus regional offices in Atlanta, Denver, and Seattle. The Office of Investigations has field offices in Denver, Silver Spring, and Washington, D.C. As proposed for FY 2001, the OIG will be funded at 220 permanent employees.

The mission of the OIG is accomplished through the following principal activities -

<u>Executive Direction</u>	includes the immediate Office of the Inspector General and the Office of Counsel; provides overall leadership and policy direction, including reviews of proposed and existing Departmental legislation and regulations; and provides legal assistance for auditors, inspectors, and investigators.
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<u>Audits</u>	performs audits of Commerce operations and financial data, contracts, grants, and other financial assistance agreements. Conducts resolution and follow-up on recommendations made in OIG audit reports.
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The Office of Audits' headquarters divisions and regional offices conduct reviews of both internal Department operations (performance audits and financial statement audits) and external activities funded by or through the Department (financial-related audits of contracts, grants, and other financial assistance agreements).

Performance audits include economy and efficiency and program audits of the Department's activities. Audits focusing on economy and efficiency determine whether the audited entity is acquiring, protecting, and using its resources economically and efficiently (and the causes of any determined deficiencies), and if the entity has complied with laws and regulations. Audits focusing on program results determine the extent to which the legislatively intended benefits are being achieved, the effectiveness of the program, and the degree of compliance with laws and regulations applicable to the program.

Financial statement audits assess the accuracy and reliability of financial information provided for Department entities. The audits determine if the reported information presents fairly the financial position and results of operations of the audited entity. They determine if the entity has an internal control structure that achieves essential internal control objectives and if the entity has complied with laws and regulations that could have a material effect on its financial liability. Major programs of audited entities are analyzed as individual cost centers for costs, benefits, and effectiveness. In addition, the cumulative financial data of each entity is analyzed to provide an overall picture of the efficiency of its operations.

Financial-related audits include reviews of entities external to the Department that are awarded contracts, grants, cooperative agreements, and loan guarantees. The audits check compliance with laws, regulations, and award terms; adequacy of accounting systems and internal controls; allowability of costs; and how well a project achieved intended results.

Financial-related audits also include state and local government and independent public accountant audits conducted in compliance with the requirements of the Single Audit Act and OMB Circular A-133. These audits provide organization-wide reviews of certain state and local governments, institutions of higher education, and other non-profit institutions that receive Commerce and other federal funds.

The Office of Audits is responsible for the follow-up on recommendations made in OIG audit reports, which includes: (1) evaluating agency responses and proposed actions on OIG audit recommendations; (2) resolving disputes between OIG auditors and management officials; and (3) identifying cases in which audit recommendations have been ignored or circumvented and recommending specific corrective actions.

<u>Inspections and Evaluations</u>	performs a range of inspections, program evaluations, and systems evaluations of Departmental organizations, activities, and programs.
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The inspections program was created to enhance the OIG's effectiveness in reviewing and evaluating Departmental programs and procedures. Inspections have made valuable and innovative contributions to the OIG mission to bring about change, in the form of greater efficiency and improved effectiveness in the Department. The Office of Inspections and Program Evaluations provides the capability to react to a host of concerns and issues that require OIG attention. It does this primarily by maintaining a diverse technical and analytical staff with the skills necessary to evaluate program performance, analyze policy and management issues and operations, and perform other important oversight functions.

Inspections are designed to (1) provide agency managers with timely information about operations, including current and foreseeable problems, and (2) detect and prevent fraud, waste, and mismanagement while encouraging effective and efficient operation.

Program evaluations are reviews of specific management issues, policies, or programs. In contrast to site/operational inspections, these evaluations take an in-depth look and usually require substantially more time to complete.

The Office of Systems Evaluations provides oversight of the Department's many mission-critical systems by focusing exclusively on information technology. Systems evaluations are reviews of information technology acquisition, development, and operational programs involving computer hardware, communications systems, computer security, environmental satellites, and other technology areas and issues. Work is carried out by a staff of computer scientists, engineers, mathematicians, evaluators, and contracting specialists who have extensive experience with the technical, management, and contractual issues of major systems. The objectives are to ensure that information technology investments are well managed and that their goals are appropriately balanced between achieving technical requirements and cost, schedule, and risk factors.

Investigations

conducts investigations of alleged or suspected wrongdoing by Commerce employees, contractors, and financial assistance recipients, which may involve violations of criminal laws, civil statutes, Commerce regulations, and employee standards of conduct.

The mission of the Office of Investigations is to detect and prevent fraud and abuse involving Commerce funds or activities by Departmental employees, contractors, and recipients of financial assistance. The OIG fraud investigative effort is generally concentrated on Commerce programs that fund external activities, such as grants, cooperative agreements, loan guarantees, and contracts. These investigations may result in criminal prosecution, civil fraud litigation, or administrative action under the Program Fraud Civil Remedies Act.

The Office of Investigations also supports the Department's Office of Executive Assistance Management by conducting name checks on individuals and credit checks on businesses before the award of grants, loans, or cooperative agreements.

The Office of Investigations does not generally handle cases involving personnel abuses, administrative grievances, or minor infractions. The OIG refers those cases to the appropriate Commerce agencies for action. The OIG monitors the cases to disposition and provides technical assistance to the agencies as necessary. However, when the alleged infraction involves a senior Department official, or if the alleged conduct is criminal or involves fraud or a major violation of standards of conduct, or is otherwise egregious, the OIG handles the investigation.

Compliance and Administration

conducts the OIG's quality assurance and internal control program; and provides administrative, acquisition, budget, human resources, information technology, planning, editorial, and security support for the OIG.

The Office of Compliance and Administration is responsible for advising the IG on the OIG quality assurance program, the Federal Managers' Financial Integrity Act (FMFIA), and all administrative support services.

The office is responsible for FMFIA and OMB Circular A-123 on management control systems to: (1) provide technical assistance to the Department to comply with FMFIA; (2) evaluate the Department's compliance with OMB Circular A-123; (3) monitor the Department's identification of material weaknesses and subsequent actions taken to correct them; and (4) conduct independent evaluations

of internal OIG control systems, as appropriate.

The administrative support services includes the development, coordination, and execution of all issues, policies, and activities involving the OIG budget; human resources management, policy, and operations; acquisitions; management information and computer support; security; and compilation of the IG's Semiannual Report to the Congress.

The quantified FY 1999 - FY 2002 results and projections of OIG operations are:

(Dollar amounts in thousands)

	1999 <u>Actual</u>	2000 <u>Projected</u>	2001 <u>Projected</u>	2002 <u>Projected</u>
Number of performance audits	38	30	36	36
Number of financial assistance audits	16	16	20	20
Number of financial assistance audits processed	668	400	300	200
Number of financial statement audits	17	16	16	16
Number of inspections/program evaluations	22	22	22	22
Number of investigations	68	70	70	70
Questioned costs	\$ 5,611	...	...	...
Value of recommendations this period that funds be put to better use	\$ 6,970	...	...	...
Value of recommendations agreed to this period by management	\$ 8,987	...	...	...
Fines, court-ordered restitutions, civil recoveries, and administrative recoveries	\$ 153	...	...	...
Arrests	3	...	...	...
Indictments	4	...	...	...
Convictions	6	...	...	...
Administrative sanction actions**	14	...	...	...

* Includes debarments, suspensions, reprimands, demotions, resignations, dismissals, reassignments, and actions to recover funds, new procedures, and policy changes resulting from investigations.

Department of Commerce
General Administration
Office of Inspector General
INCREASE FOR 2001
(Dollar amounts in thousands)

		2001 Base		2001 Estimate		Increase/(Decrease)	
		<u>Personnel</u>	<u>Amount</u>	<u>Personnel</u>	<u>Amount</u>	<u>Personnel</u>	<u>Amount</u>
Office of Inspector General	Pos./BA	220	\$21,626	220	\$22,726	0	\$ 1,100
	FTE/Obl.	200		200		0	

Program Description

The FY 2001 program increase request for the Office of Inspector General (OIG) is for \$1,100,000 for the following initiative:

	<u>Positions</u>	<u>FTE</u>	<u>Amount</u>
Financial Statement Audits	0	0	\$ 1,100

FINANCIAL STATEMENT AUDITS:

The OIG has had to provide and expand its audit coverage of the Department's financial statements reporting due to increased legislative requirements and implementation guidance. Our review activities support the Department's efforts to meet these requirements. The OIG's annual audits of bureaus' financial statements support the Secretary's priority for the Department to attain an unqualified opinion on its consolidated financial statements.

Interest in the federal government's financial operations has been significant over the past several years. This is evidenced by numerous pieces of legislation passed by the Congress in the financial management area and implementation guidance issued by the Office of Management and Budget (OMB). The Chief Financial Officers Act of 1990 required financial statement audits of certain types of government programs. These requirements were significantly expanded by the Government Management Reform Act of 1994, which mandated audited financial statements covering all accounts and associated activities of agencies. In addition, accounting requirements issued by the Federal Accounting Standards Advisory Board (FASAB) and guidance specified by OMB Bulletin 97-01, *Form and Content of Agency Financial Statements*, have significantly increased the reporting requirements of agencies and, in turn, the required audit coverage.

Also, the Government Performance and Results Act of 1993 (GPRA) requires government entities to collect and report information on their performance in meeting goals and objectives. The proposed GPRA Technical Amendments of 1999 has increased the OIG's responsibility for reviewing performance measures and the systems used to formulate those measures.

An increase of \$1,100,000 is requested to provide resources to perform the financial statement audits of all Commerce entities in accordance with the added FASAB and OMB Bulletins 97-01 and 98-08 requirements. The OIG has reached the critical point where we can no longer continue to absorb additional costs for these mandated efforts without severe impacts on our audit, inspection, and investigation programs and our ability to perform work geared toward detecting and deterring fraud, waste, and abuse.

Department of Commerce
 General Administration
 Office of Inspector General
 PROGRAM CHANGE DETAIL BY OBJECT CLASS
 (Dollar amounts in thousands)

Activity: INSPECTOR GENERAL
 Subactivity: Office of Audits
 Program change: Financial Statement Audits

	<u>Object Class</u> -----	<u>Increase</u>
11	Personnel compensation	
11.1	Full-time permanent	0
11.3	Other than full-time permanent	0
11.5	Other personnel compensation	<u>0</u>
11.9	Total personnel compensation	0
12.1	Civilian personnel benefits	0
21	Travel and transportation of persons	0
22	Transportation of things	0
23.1	Rental payments to GSA	0
23.2	Rental payments to others	0
23.3	Communications, utilities and miscellaneous charges	0
24	Printing and reproduction	0
25.1	Consultant services	0
25.2	Other services	1,100
25.3	Purchase of goods and services from Gov't accounts	0
26	Supplies and materials	0
31	Equipment	<u>0</u>
99	Total obligations	1,100

Department of Commerce
Office of Inspector General
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Object Class		1999 Actual	2000 Currently Available	2001 Base	2001 Estimate	Increase/ (Decrease) Over 2001 Base
11	Personnel compensation					
11.1	Full-time permanent	11,584	11,525	12,514	12,514	0
11.3	Other than full-time permanent	11	50	50	50	0
11.5	Other personnel compensation	526	563	563	563	0
11.9	Total personnel compensation	12,121	12,138	13,127	13,127	0
12.1	Civilian personnel benefits	2,632	2,681	2,976	2,976	0
21	Travel and transportation of persons	411	589	617	617	0
22	Transportation of things	12	11	11	11	0
23.1	Rental payments to GSA	1,651	1,549	1,577	1,577	0
23.2	Rental payments to others	40	25	25	25	0
23.3	Commun., util., misc. charges	228	128	129	129	0
24	Printing and reproduction	39	51	53	53	0
25.1	Consulting services	0	0	0	0	0
25.2	Other services	2,503	1,923	2,268	3,368	1,100
25.3	Purchase of goods and services from Gov't accounts	899	695	699	699	0
26	Supplies and materials	177	79	80	80	0
31	Equipment	338	63	64	64	0
99	Total Obligations	21,051	19,932	21,626	22,726	1,100
	Less prior year recoveries			0	0	
	Total Budget Authority			21,626	22,726	1,100

Department of Commerce
Office of Inspector General
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Personnel Data	1999 Actual	2000 Currently Available	2001 Base	2001 Estimate	Increase/ (Decrease) Over 2001 Base
Full-Time Equivalent Employment:					
Full-time permanent	176	199	199	199	0
Other than full-time permanent	1	1	1	1	0
Total	177	200	200	200	0
Authorized Positions:					
Full-time permanent	236	219	219	219	0
Other than full-time permanent	1	1	1	1	0
Total	237	220	220	220	0

Department of Commerce
Office of Inspector General
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Object Class		2001 Adjustments to Base	2001 Base	2001 Estimate	Increase/ (Decrease) Over 2001 Base
11	Personnel compensation				
11.1	Full-time permanent				
	Executive level	0	120	120	0
	Senior executive service	89	959	959	0
	General schedule	900	11,435	11,435	0
	Subtotal	989	12,514	12,514	0
11.3	Other than full-time permanent				
	General schedule	0	50	50	0
	Subtotal	0	50	50	0
11.5	Other personnel compensation				
	Overtime	0	418	418	0
	SES performance awards	0	45	45	0
	Cash awards	0	100	100	0
	Subtotal	0	563	563	0
11.9	Total personnel compensation	989	13,127	13,127	0

Department of Commerce
Office of Inspector General
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Object Class		2001 Adjustments to Base	2001 Base	2001 Estimate	Increase/ (Decrease) Over 2001 Base
12.1	Civilian personnel benefits				
	Civil Service Retirement System	32	666	666	0
	Federal Employees Retirement System	110	857	857	0
	Thrift Savings Plan	58	328	328	0
	Federal Insurance Contribution Act	52	451	451	0
	Health insurance	81	568	568	0
	Life insurance	1	21	21	0
	Employees' Compensation Fund	(39)	85	85	0
	Subtotal	295	2,976	2,976	0
21	Travel and transportation of persons				
	Common carrier	15	309	309	0
	Mileage	0	20	20	0
	Per diem/actual	13	252	252	0
	Vehicular	0	32	32	0
	Other	0	4	4	0
	Subtotal	28	617	617	0
22	Transportation of things	0	11	11	0
23.1	Rental payments to GSA	28	1,577	1,577	0
23.2	Rental payments to others	0	25	25	0

Department of Commerce
Office of Inspector General
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Object Class		2001 Adjustments to Base	2001 Base	2001 Estimate	Increase/ (Decrease) Over 2001 Base
23.3	Communications, utilities, and misc. charges				
	Rental of ADP equipment	0	4	4	0
	Rental of office copying equipment	0	6	6	0
	Other equipment rental	0	10	10	0
	Federal telecommunications system	0	39	39	0
	Other telecommunications services	1	54	54	0
	Postal service by USPS	0	12	12	0
	Other	0	4	4	0
	Subtotal	1	129	129	0
24	Printing and reproduction				
	Publications	0	26	26	0
	Other	2	27	27	0
	Subtotal	2	53	53	0
25.1	Consulting services				
	Management & Prof. Support Svcs.	0	0	0	0
	Studies, analyses, & evaluation	0	0	0	0
	Engineering & technical services	0	0	0	0
	Subtotal	0	0	0	0

Department of Commerce
Office of Inspector General
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Object Class		2001 Adjustments to Base	2001 Base	2001 Estimate	Increase/ (Decrease) Over 2001 Base
25.2	Other services				
	Training:				
	University	0	17	17	0
	Other	0	30	30	0
	Maintenance of equipment	0	32	32	0
	ADP services	0	41	41	0
	Telecommunications services	0	2	2	0
	Other non-government contracts	65	869	869	0
	CAMS - specific	73	117	117	0
	Other contracts	207	1,160	2,260	1,100
	Subtotal	345	2,268	3,368	1,100
25.3	Purchases of goods and services from Gov't accounts				
	Office of Personnel Management Training	30	48	48	0
	GSA reimbursable services	0	3	3	0
	CAMS - shared	0	67	67	0
	GA - Security	-52	-52	-52	0
	Payments to GA, WCF	26	633	633	0
	Subtotal	4	699	699	0

Department of Commerce
Office of Inspector General
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Object Class		2001 Adjustments to Base	2001 Base	2001 Estimate	Increase/ (Decrease) Over 2001 Base
26	Supplies and materials				
	Office supplies	1	29	29	0
	ADP supplies	0	12	12	0
	Other	0	39	39	0
	Subtotal	1	80	80	0
31	Equipment				
	Office machines and equipment	1	27	27	0
	ADP hardware	0	12	12	0
	ADP software	0	19	19	0
	Other	0	6	6	0
	Subtotal	1	64	64	0
99	Total Obligations	1,694	21,626	22,726	1,100
	Less prior year recoveries	0	0	0	
	Total Budget Authority	1,694	21,626	22,726	1,100

DEPARTMENT OF COMMERCE
Office of Inspector General
APPROPRIATION SUMMARY STATEMENT

Appropriation: Office of Inspector General

The Office of Inspector General conducts audits, inspections, program evaluations, and investigations to combat mismanagement, fraud, waste, and abuse of Department resources, and to improve the efficiency and effectiveness of Commerce programs.

Accomplishments planned for FY 2001 include:

- o Conduct audits, inspections, and program evaluations to address the Department's major management issues and provide timely advice to managers to help them address these issues.
- o Ensure timely audits of Departmental financial statements and promote achievement of an unqualified audit opinion on the Department's consolidated statements.
- o Improve the value of the Inspector General's findings and recommendations to senior Department management.
- o Work with Department officials to improve information technology planning, management, and oversight.
- o Promote timely implementation of the Government Performance and Results Act, including the use of meaningful performance measures.
- o Enhance our investigative production and results by improving the timeliness and quality of our investigations.

DEPARTMENT OF COMMERCE
Office of Inspector General
Appropriation Language and Code Citations:

Appropriation: Office of Inspector General

For necessary expenses of the Office Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended, \$19,932,000 (includes rescission of \$68,000).

5 U.S.C. App.1-11, as amended by P.L. 100-504

Section 2 of the Inspector General Act of 1978 (5 U.S.C. App.3), as amended, provides that: “In order to create independent and objective units - (1) to conduct and supervise audits and investigations relating to programs and operations of the establishments listed in section 11(2)...there is hereby established in each of such establishments and Office of Inspector General,” Section 11(2) of the Act reads, “the term “establishment” means the Department of ... Commerce...”.

DEPARTMENT OF COMMERCE
OFFICE OF INSPECTOR GENERAL
CONSULTING AND RELATED SERVICES
(Obligations in Thousands)

	1999 <u>Actual</u>	2000 <u>Estimate</u>	2001 <u>Estimate</u>
Consulting services	\$ 0	\$ 0	\$ 0
Management and professional services	0	0	0
Special studies and analyses	0	0	0
Management and support services for research and development	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$ 0	\$ 0	\$ 0

The Department of Commerce has established a comprehensive system for identifying and reviewing all proposed contracts and personnel appointments for consulting and advisory and assistance services. The Deputy Secretary is responsible for the overall control and approval of these services throughout the Department.

The Inspector General Act of 1978 authorizes the Office of Inspector General to obtain such temporary technical assistance as needed to carry out the requirements of the Act.

DEPARTMENT OF COMMERCE
OFFICE OF INSPECTOR GENERAL
PERIODICALS, PAMPHLETS, AND AUDIOVISUAL PRODUCTS

(Dollar amounts in Thousands)

	1998 <u>Actual</u>	1999 <u>Actual</u>	2000 <u>Estimate</u>	2001 <u>Estimate</u>
Periodicals	\$ 8	\$ 9	\$ 10	\$ 10
Pamphlets	0	0	0	0
Audiovisuals	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	\$ 8	\$ 9	\$ 10	\$ 10

Periodicals

Pursuant to the Inspector General Act of 1978 (P.L. 95-452), the Inspector General shall prepare semiannual reports summarizing the activities of the office during the six-month periods ending March 31 and September 30. These reports shall include details of major problems, abuses, and deficiencies identified during the previous six months, together with recommendations for corrective action. They must cite any recommendations reported earlier that have not been acted upon, describe any OIG requests for information assistance that were unreasonably refused, and show the amount of funds recovered as a result of audit recommendations. The Department heads may comment on but may not change these semiannual reports.

DEPARTMENT OF COMMERCE
OFFICE OF INSPECTOR GENERAL
AVERAGE GRADE AND SALARIES

	1999 <u>Actual</u>	2000 <u>Estimate</u>	2001 <u>Estimate</u>
Average ES Grade	3.14	3.75	4.13
Average GS/GM Grade	12.41	12.21	12.24
Average GS/GM Salary	\$56,061	\$57,145	\$59,600